



U.S. DEPARTMENT OF STATE

DIPLOMACY IN ACTION

Executive Summary

The Republic of Malta is a small, but strategically located island country 60 miles south of Sicily and 180 miles north of Libya, astride some of the world's busiest shipping lanes. Malta, a politically stable parliamentary republic with a free press, is considered a safe, secure, and welcoming environment for American investors to do business.

Malta joined the European Union in 2004, the Schengen visa system in 2007, and the Eurozone in 2008. With a population of about 420,000 and a total area of only 122 square miles, it is the smallest country in the European Union. The economy is based on services, primarily shipping, banking, and tourism. Maltese and English are the official languages.

Given its central location in one of the world's busiest trading regions and its relatively small economy, Malta recognizes the important contribution that international trade and investment can provide to the generation of national wealth.

Malta's economy has weathered the recent global economic crisis relatively well. For 2013, Malta had a real Gross Domestic Product (GDP) growth of 2.4%, compared to slow growth of 0.1% in the EU-28 countries. In terms of unemployment, Malta is one of the best performers in the EU. For 2013, unemployment in Malta stood at 6.5%, compared to 10.9% recorded in the EU generally.

The top three credit rating agencies rank Malta well; all note a stable outlook. The current sovereign credit ratings:

- S&P, BBB+ with a stable outlook
- Moody's, A3 with a stable outlook
- Fitch, A with a stable outlook

In 2013, the Government of Malta established the Individual Investor Program (IIP), which assigns citizenship by naturalization to a person and his or her dependents who are contributors to an individual investor program and who pay a fee of €650,000 (additionally, €25,000 for spouses and for dependents under age 18; €50,000 for dependents over age 18). This amendment to the Maltese Citizenship Act, (Chapter 188 of the Laws of Malta) was passed in November 2013 and has met with criticism as mainly attracting investors due to Malta's being an EU member state and a member of the Schengen zone. In response, the Government has modified the law in some ways, such as adding a one-year residency requirement and publicizing the names of new citizens. IIP conditions include a € 350,000 threshold for purchasing immovable property; or a € 16,000/year threshold for leasing immovable property (which must be retained for at least five years); or a € 150,000 threshold for investment in stocks, bonds, or debentures.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude Toward FDI

Malta seeks foreign direct investment (FDI) to increase its rate of economic growth. Malta provides incentives to attract investment in high-tech manufacturing (especially **health technologies** such as pharmaceuticals manufacturing and life sciences), **information and communications** technology (ICT), R&D, **aerospace & defense**/aviation maintenance, registration of ships and aircrafts, electronics, transshipment and related service industries, **finance** services and digital gaming.

Malta's comparative advantages include membership in the EU, the Eurozone, and the Schengen Zone; competitive wage rates (even though the standard of living is high, labor costs are relatively low compared with other EU countries); a highly skilled English-speaking labor force; proximity to European and North African markets; a fair and transparent business environment; and excellent telecommunications and transport connections. Malta also offers financial, tax, and other investment incentives in order to attract FDI. Foreign investment plays an integral part in the Government of Malta's policies to reduce the role of the state in the economy and increase private sector activity.

Other Investment Policy Reviews

The government organization “Malta Enterprise”, established to promote foreign direct investment in Malta, provides information to prospective investors, processes applications for government investment incentives, and serves as liaison between investors and other government entities. Malta Enterprise offers an attractive investment package for American and other investors (see section 5 entitled Performance Requirements and Incentives).

The following are the most important laws that govern foreign investment in Malta:

- The Income Tax Act of 1948 (as amended) establishes a single rate of taxation of 35 percent on income for limited liability companies in Malta. In certain qualifying cases, this rate is effectively reduced to 5 percent through a system of tax refunds on dividends paid.
- The Business Promotion Act authorizes the government of Malta to allocate fiscal and other incentives to companies engaged in manufacturing (including software development), repair, or maintenance activities.
- The Malta Enterprise Act of 2003 enables Malta Enterprise to develop and administer incentives and other forms of support to liberalize and update legislation relevant to FDI.
- The Companies Act of 1995 regulates the creation of limited liability companies. The Companies Act provides for the establishment of investment companies with variable share capital (SICAVS) and companies with share capital denominated in a foreign currency.
- The Malta Financial Services Authority Act of 1989 established the Malta Financial Services Authority, responsible for the regulation of banking and investment services in Malta.
- The Investment Services Act of 1994 contains a package regulating investment services in the banking and insurance sectors.

Virtually all manufacturing sectors are open to FDI. There are no legal prohibitions against FDI oriented toward sales in Malta's domestic market. The Government of Malta seeks as a top priority companies operating in the following fields:

- **Information & communications** technology, including electronic components and digital gaming;

- **Health technologies**, medical equipment, pharmaceuticals and life sciences;
- **“Back office”** and regional support operations including call centers;
- **Knowledge-based services**, including **aerospace & defense** (aviation maintenance), education and training, and research and development;
- **Logistics-based services**, including **marine technology**, warehousing, and oil/gas services; **Film Industry** (Malta has one of the few sets in the world for water/boating scenes)

Limits on Foreign Control

Private foreign investors are free to make equity arrangements as they wish - from joint ventures to full equity ownership.

Privatization Program

The Maltese government in recent years has privatized a number of state-controlled firms, including its shares in the country's largest bank, the postal service, shipyards, and the wireless telecommunications industry. Air Malta, the national airline, is currently not part of the restructuring process, but the Government of Malta has not ruled this possibility out in the future. The government welcomes private investors, Maltese and non-Maltese, in privatization projects. It affords foreign investors equal treatment to that given to domestic investors and sets few limitations on their operations. Foreign investors have the right to repatriate or reinvest profits without restriction and can take disputes before the International Center for the Settlement of Investment Disputes (ICSID).

Screening of FDI

Malta is a free trade, open economy country. The government does not approve or restrict any foreign direct investment, as long as it meets EU and national regulations. Malta Enterprise reviews FDI only before granting any incentives requested by the private entity/business. A due diligence process is carried out prior to approving greenfield investments. Company formation can be completed within a 10 day period. The Malta Financial Services Authority (MFSA) undertakes the filings and regulatory screenings on financial investments.

Investment Climate Benchmarks

Measure	Year	Rank or value	Website Address
Transparency International's Corruption Perceptions index	2013	45 of 175	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	58 of 177	http://www.heritage.org/index/ranking
World Bank's Doing Business Report	2013	103 of 189	http://doingbusiness.org/rankings
Global Innovation Index	2013	24 of 142	http://www.globalinnovationindex.org/cont_ent.aspx?page=gii-full-report-2013#pdfopener

World Bank GNI per capita	2012	\$19,710	http://data.worldbank.org/indicator/NY.GN.P.PCAP.CD
---------------------------	------	----------	---

2. Conversion and Transfer Policies

As long as investors present the appropriate documents to the Central Bank of Malta, there are no limitations on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property or imported raw materials. There are no significant delays in converting investment returns to foreign currency after presentation of the necessary documents. Maltese regulations and practices affecting remittances of investment capital and earnings have been streamlined, as several foreign exchange controls were relaxed to conform to EU directives. Malta joined the Eurozone in January 2008.

3. Expropriation and Compensation

Private property may, in exceptional instances, be expropriated for public purposes, in a non-discriminatory manner, and in accordance with established principles of international law. Investors and lenders of expropriated property receive prompt, adequate and effective compensation. There have not been any expropriations in the last decade. There are no particular sectors at risk for expropriation or similar actions, nor are there any laws that force local ownership.

4. Dispute Settlement

There have been no significant investment disputes over the past few years involving U.S. or other foreign investors or contractors in Malta. Courts in Malta are known to be slow in processing cases, although a reform is currently being implemented in order to increase efficiency in the judicial system. Investment/commercial dispute resolution proceedings in Malta generally take a minimum of three years, possibly even more. Generally speaking, summary proceedings which involve debt collection related to liquidation take less time.

Malta has a distinct Commercial Code which regulates commercial activities and related legislation such as the Banking Act, the Central Bank of Malta Act, and bankruptcy. In cases of bankruptcy, the court appoints a curator to liquidate the assets of the bankrupt company, organization, or individual, and distributes the proceeds among the creditors.

The Maltese judiciary is independent and courts are divided into Superior Courts, presided over by judges, and Inferior Courts, presided over by magistrates. The jurisdiction of the Inferior Courts is restricted to minor offenses of a criminal nature and to small civil matters.

Traditionally the judiciary functions through the Criminal, Civil, and Constitutional courts. Commercial cases are adjudicated by the First Hall of the Civil Court. There is a Criminal Court of Appeal and a Court of Appeal for all other jurisdictions. The Constitutional Court has jurisdiction to hear and determine questions and appeals on constitutional issues. There are also a number of administrative tribunals, such as the Industrial Tribunal, the Rent Regulation Board, and the Board of Special Commissioners for income tax purposes. In 1987 Malta adopted the European Convention of Human Rights as part of Malta's domestic law.

The Maltese judiciary has a long tradition of independence. Once appointed to the bench, judges and magistrates have fixed salaries which do not require annual approval. Judges cannot be dismissed except by a two-thirds vote in the House of Representatives for a proven inability to exercise their function properly or proven misbehavior. The Constitution guarantees the separation of powers between the executive and the judiciary. Fair trial is also recognized as an enforceable human right under the Maltese Constitution.

The Maltese Parliament is the highest law-making institution; its members are elected every five years by proportional representation. The number of members of parliament is normally 65, but may be adjusted according to the constitution to provide a governing majority to the party winning the popular vote in a general election. Government functions through a cabinet of ministers, headed by the Prime Minister.

In 2002, Malta signed the Convention on the Settlement of Investment Disputes (ICSID). Malta is also a member of the New York Convention of 1958 on the recognition and enforcement of foreign arbitration awards (UNCITRAL). As such, Malta honors the enforcement of foreign court judgments and foreign arbitration awards. Modes of settlement of disputes are also provided in bilateral investment treaties, which Malta has with several countries (see section 14, Bilateral Investment Agreements).

5. Performance Requirements and Investment Incentives

The Government of Malta offers several investment incentives for priority industrial projects to attract FDI. All investment incentives are specified by law and not made available in an ad hoc manner. However, the way in which incentives are designed allows the opportunity to offer relatively tailor-made solutions, even though treatment of domestic and non-Maltese investors is identical. There are no stated requirements that a foreign investor should transfer technology, employ Maltese nationals, or reduce his shareholding interest over time. These factors might, however, influence Malta Enterprise's decision regarding a firm's application for assistance. Malta Enterprise monitors compliance with any conditions set by the government as a condition of government assistance. Investors are not required to disclose proprietary information.

Investment Tax Credits: companies in the target sector are entitled to a tax credit which is calculated either:

- As a percentage of qualifying capital expenditure (currently granting 30% for a large enterprise; 40% for a small to medium enterprise, and 50% for a micro enterprise);
- As a percentage of the wage cost for the first 24 months of a newly created job (currently, 30% for a large enterprise; 40% for a small to medium enterprise, and 50% for a micro enterprise).

Access to Finance:

- Soft Loans: Malta Enterprise supports enterprise through loans at low interest rates for partial financing of investments in qualifying expenditure.
- Loan Guarantees: Malta Enterprise may guarantee bank loans taken by a company to finance acquisition of additional assets to be employed in the company's business.

- **Loan Interest Subsidies:** Malta Enterprise may subsidize the rate of interest payable on bank loans. Loan interest subsidies are not in addition to loan guarantees and applicable to loans provided by banks or other financial institutions.
- **Micro Guarantee Scheme:** Malta Enterprise aims to accelerate the growth of enterprises by facilitating access to debt finance for smaller business undertakings.

Employment & Training: Administered by the Employment and Training Corporation, enterprises are supported in recruiting new employees and training their staff.

SME Development: Grants targeting the creation and development of innovative start-ups and the development of forward looking small and medium-sized firms.

Enterprise Support: Assistance to businesses to support development of international competitiveness, improving processes, and networking with other businesses.

Research & Development: Incentives to encourage enterprises to engage in industrial research and experimental development.

Allocation of Factory Space for manufacturing companies: Availability of factory space built to specification offering attractive financing terms.

Competitive rental rates: European Union Structural Funds and Regional Development Funds for FDI in Malta were available for the period 2007-2013. Support in the form of similar assistance and cash grants for approved projects will be available again in 2015 for the period 2014-2020. The Government of Malta offers generous incentives to trading and financial companies registered with the Malta Financial Services Authority. Legislative changes in 1994 removed the distinction between offshore and onshore companies, so that all companies in Malta are subject to a 35% tax rate on profits. However, the fact that the Maltese tax system is the only remaining full imputation system in the EU means that tax paid by company will essentially remain a prepaid tax on behalf of the tax liability of shareholders. Shareholders will then be entitled to claim a tax refund which may be equivalent to 6/7 (in the case of trading income) of the tax paid at the corporate level.

Companies operating within the Malta Freeport, a customs-free zone, benefit from reduced rates of taxation and investment tax credits (see section 17, Foreign Trade Zones).

6. Right to Private Ownership and Establishment

The Government of Malta recognizes the right to private ownership in theory and in practice. Private entities are free to establish, acquire, and dispose of interests in business enterprises and engage in all forms of remunerative activity. Many U.S. firms sell their products or services in Malta through licensing, franchise, or similar arrangements. The Government of Malta normally allows foreign companies to operate in merchandising areas, especially if they operate a licensing, franchising, or similar agreement through a local representative.

It is the government's stated policy not to allow public enterprises to operate at the expense of private entities. Some sectors, such as the electricity generation, are now also open to private sector participation. The Government provides private enterprises with the same opportunities as public enterprises for access to markets and other business operations.

7. Protection of Property Rights

Property and contractual rights are enforced by means of (a) legal warning; (b) warrants of seizure; (c) warrants of prohibitory injunction; (d) warrants of impediments of departures (if proceedings fall within the jurisdiction of the Criminal Court); and, (e) sale of property by court auction. Procedures for registering and enforcing judgments of foreign courts are laid out in the Code of Organization and Civil Procedures. Rights in and secured interests over immovable property must be publicly registered in order to be enforceable. The Government of Malta has occasionally been a party to international arbitrations and has abided by tribunal decisions.

Intellectual Property Rights

The Maltese legal system adequately protects and facilitates acquisition and disposition of intellectual property rights. In 2000, Malta implemented the pertinent provisions of the World Trade Organization (WTO) Trade-Related Aspects on Intellectual Property Rights (TRIPS). Malta has fully incorporated the EU and WTO rules into national law. Additional information on EU-wide provisions on copyright, patents, trademarks, and designs is obtainable from:

- http://www.europa.eu/comm/internal_market/copyright/news/news_en.htm
- http://www.europa.eu/comm/internal_market/indprop/index_en.htm

Malta is additionally a member of the World Intellectual Property Organization (WIPO); the Paris Convention for the Protection of Industrial Property; the Bern Convention for the Protection of Literary and Artistic Works; the Universal Copyright Convention (UCC); and the World Trade Organization (WTO).

The Association against Copyright Theft claims that Malta's local laws do not include high enough minimum fines to deter vendors from selling pirated material. However, the Ministry for Competitiveness and Communications has assured the Embassy that the Government of Malta is currently taking the necessary steps to remedy the situation. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Embassy point of contact: Maria Cassar Tel: 00356 2561 4120; email: maltabusiness@state.gov

Local lawyers list: http://malta.usembassy.gov/list_of_attorneys.html

The office responsible for intellectual property-related issues is Malta's Commerce Department within the Ministry for the Economy, Investment and Small Business:

Commerce Department

Tel: +356 2122 6688

Email: commerce@gov.mt

Website: <http://commerce.gov.mt/contact.asp>

Address: Commerce Department, Lascaris Bastion, Valletta, VLT 2000, Malta

8. Transparency of the Regulatory System

Malta has transparent and effective policies and regulations to foster competition. It has revised labor, safety, health, and other laws in general to conform to EU standards.

9. Efficient Capital Markets and Portfolio Investment

The Maltese banking system is considered sound. Local commercial banks have in recent years expanded the scope of their lending portfolios. Capital is available from both public and private sources; both foreign and local companies can avail themselves of local lending facilities. Commercial banks and their subsidiaries can provide loans at commercial interest rates. It is possible for new investors to negotiate soft loans from the government covering up to 75 percent of the projected capital outlay.

Malta's Stock Exchange was established in 1993. In 2002, the Financial Markets Act effectively replaced the Malta Stock Exchange Act of 1990 as the law regulating the operations and setup of the Malta Stock Exchange. This legislation divested the Malta Stock Exchange of its regulatory functions and transferred these functions to the Malta Financial Services Authority (MFSA). The Financial Markets Act also set up a Listing Authority, which is responsible for granting "Admissibility to Listing" to companies seeking to have their securities listed on the Exchange. The small numbers of companies publicly listed on the Malta Stock Exchange have not faced the threat of hostile takeovers to date. Malta has no laws or regulations authorizing firms to adopt articles of incorporation/association that would limit foreign investment, participation, or control. Legal, regulatory, and accounting systems are transparent and consistent with international norms; several U.S. auditing firms have local correspondents.

10. Competition from State-Owned Enterprises

The Malta Investment Management Company Limited (MIMCOL) was established in 1988 to manage, restructure, and selectively divest the Government of Malta from state-owned enterprises (SOEs). MIMCOL also promotes private sector investment using cost-effective business practices across various SOEs. MIMCOL initially created strategies leading to the dissolution of SOEs with limited commercial prospects, as well as the profitable spin-off of non-core operations with commercial potential. MIMCOL's focus then turned to SOEs deemed of strategic national value, but whose inefficient operations were reflective of a lack of competition. Eventually, most SOEs were groomed for privatization and sold off.

Today, the list of Maltese SOEs under MIMCOL scrutiny has shrunk to 11 (excluding companies falling under the responsibility of other ministries and investments held directly by government). This portfolio is not well-defined. Most Government investments are held by either the Board of Trustees within the Ministry of Finance, the Economy, and Investment, or by MGI as agent for the Government of Malta. There are other state entities which hold shares in companies which are typically special purpose vehicles set up in furtherance of that entity's operations.

MIMCOL falls under the responsibility of the Ministry of Finance, the Economy, and Investment, supporting the Ministry's efforts to ensure that SOEs within its authority operate within a sustainable and cost-efficient environment, enhance service delivery, and improve organizational effectiveness. MIMCOL's sister company, Malta Government Investments Limited (MGI), holds a portfolio of equity and debt investments as an agent of the Government of Malta. However, the Government of Malta does not have a Sovereign Wealth Fund. The following lists have been prepared by MIMCOL from MIMCOL's and MGI's records and from Government's Financial Estimates for 2008. These are not necessarily exhaustive; there could be other entities not captured by these sources.

TABLE 1: Companies with Government of Malta shareholding through MGI or MIMCOL

Entity	Form	Ownership	Responsibility
Casma	Ltd	MGI	MIMCOL/MEISB
Gozo Channel	Ltd	MGI	MIMCOL/MEISB
Gozo Ferries	Ltd	MGI	MIMCOL/MEISB
Gozo Heliport	Ltd	MGI	MIMCOL/MEISB
Grand Harbour Regeneration	plc	MGI	MIMCOL/MITC
Libma International Construction	Ltd	MGI 20%	MIMCOL/MEISB
Malta Air Traffic Services	Ltd	MGI	MIMCOL/MEISB
Malta Govt. Technology Investments	Ltd	MGI	MITC
Malta National Laboratory	Ltd	MGI	Competitiveness Ministry
Malta Marketing	Ltd	MGI	Malta Tourism Authority
Malta Venture Capital	plc	MGI	MIMCOL/MEISB
National Orchestra	Ltd	MGI	MEDC
Wasteserv Malta	Ltd	MGI	Environment Ministry

Corporations falling under Investments Ministry's portfolio

Entity	Form	Ownership	Responsibility
Enemalta	Corp	Government	MIMCOL/MITC
Water Services	Corp	Government	MIMCOL/MITC
Malta Enterprise	Corp	Government	MIMCOL/MIIIT

Other Government direct investments

Entity	Form	Ownership	Responsibility
Air Malta	plc	MFEI 97.9%	MIMCOL/MEISB
Libyan Arab Maltese Holding	Ltd	MFEI 51%	MIIIT/MEISB

Bank of Valletta	plc	MOF 25.2%	MIIIT/MOF
Malta Dairy Products	Ltd	ME 30%	MIIIT
Malta Freeport Corporation	Ltd	MFEI	MITC
Malta University Sports Complex	Ltd	MOE 49%	
Medelec Switchgear	Ltd	MFEI 5%	LAMHCO
Mediterranean Power Electric	Ltd	MFEI 5%	LAMHCO
Viset Malta	plc	MOF 28.6%	

Abbreviations:

Ltd	Limited Liability company
Plc	Public limited company
Corp	Corporation set up by Act of Parliament
LAMHCO	Libyan Arab Maltese Holding Company Limited
ME	Malta Enterprise
MITC	Ministry of Information Technology and Communications
MITA	Malta Information Technology Agency
MEDC	Ministry of Education, Culture, Youth and Sport
MEISB	Ministry for the Economy, Investment and Small Business
MSA	Malta Statistics Authority
MSE	Malta Stock Exchange
OPM	Office of the Prime Minister
WSC	Water Services Corporation

11. Corporate Social Responsibility

Corporate social responsibility (CSR) has gained in profile in recent years, as global concerns such as climate change have risen to the fore and as the EU has raised expectations for its Member States regarding CSR. An increasing number of companies in Malta recognize the importance of their role in society and the real benefits of adopting a proactive approach to CSR.

12. Political Violence

There have been no recent incidents involving politically motivated damage to projects and/or installations, and there are no signs that civil disturbances may become more likely. There are no signs that U.S. investor properties might become targets in the future.

13. Corruption

Maltese law provides criminal penalties for official corruption, and the government generally implemented these laws effectively. Police and the Permanent Commission against Corruption are responsible for combating official corruption. The U.S. Embassy is aware of only isolated reports of government corruption.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Public sector corruption, including bribery of public officials, is a minor challenge for U.S. firms operating in Malta. According to a report released by the Council of Europe's Group of States Against Corruption (GRECO) in January 2005, "de facto instances of corruption within the public administration are rare." GRECO also noted that: "Malta promotes international and coordinated actions to prevent and fight corruption, organized crime and money laundering and takes account of the link between these crimes. It has taken several initiatives to adopt the legal provisions concerning the seizure and forfeiture of proceeds of crime as well as the criminal and civil liability of legal persons with a view of implementing the Criminal Law Convention on Corruption. Minor adaptations are still required. It also adapted in 1995 a Code of Ethics for employees in the public sector and subsequently several other code of ethics." For additional details, please see the following site:

[http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval2\(2004\)14_Malta_EN.pdf](http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval2(2004)14_Malta_EN.pdf)

Since the 2004 GRECO report, Malta has passed legislation to adapt Maltese law to EU requirements, including the Prevention of Money Laundering and Funding of Terrorism Regulations of July 2008 [which conforms to the European Union legislation under Directive 2005/60/EC (the Third Directive) and Directive 2006/70/EC (the Implementation Directive)].

A 2008 report by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) confirms that Maltese Authorities have taken measures to ensure that the AML/CFT (anti-money laundering - combating the financing of terrorism) regime in Malta is consistent with recognized international standards and practices. The MONEVAL report is available at:

[http://www.fiumalta.org/pdfs/MONEYVAL\(2008\)41ProgRep-MLT_en.pdf](http://www.fiumalta.org/pdfs/MONEYVAL(2008)41ProgRep-MLT_en.pdf).

Additionally, the government of Malta has established a Financial Intelligence Analysis Unit to support domestic and international law enforcement investigative efforts.

Every company (apart from SMEs) and government department in Malta has established a whistle-blowing unit which, if it receives information related to a crime, will pass this on to a specially set up external whistle-blowing unit. Small and medium-sized enterprises are not required to set up their own internal unit. Informers may also be admitted to the Witness Protection Program.

The Act to Remove Prescription (the maximum time after an event that legal proceedings based on that event may be initiated – equivalent to a statute of limitations in a common law legal system) on Corruption by Public Officials effectively abrogates the right of ministers,

parliamentary secretaries, MPs, mayors and councilors to use prescription when charged with corruption. The State was given the right to file civil action to recoup assets that an elected official would have acquired from monies derived from corruption.

Local Laws: U.S. firms should familiarize themselves with local anti-corruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service (USFCS) can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

- **Corruption:** On June 14, 2013 authorities amended the Criminal Code to remove the statute of limitations on corruption charges for elected officials and to increase penalties for those found guilty. The amendment also includes provisions from the Criminal Law Convention on Corruption of the Council of Europe.
- **Whistleblower Protection:** On July 19, 2013, the government enacted the Protection of the Whistleblower Act. The law provides protection to public and private employees for making internal disclosures of evidence of illegal activity, such as the solicitation of bribes or other corrupt acts, gross waste or fraud, mismanagement, abuse of power, or other betrayals of public trust that employees discover or witness on the job.
- **Financial Disclosure:** Government officials are subject to financial disclosure laws; courts have the authority to compel disclosure, depending on the circumstances.
- **Public Access to Information:** In September 2012, a freedom of information law enacted in 2008 came into full force. The act established the right to request information held by public authorities, but also enumerated several exceptions, such as documents held by the Electoral Commission, the Employment Commission, the Public Service Commission, the Office of the Attorney General, the National Audit Office, the Security Service, the ombudsman, and the Broadcasting Authority when the latter authority was exercising its constitutional function.
- Additionally, the Press Act established procedures to provide members of the press information to help them “fulfill their public tasks.” The government has not, however, defined the scope of this mandate. Access to government information in certain specified areas – those dealing with matters of public interest, security, or ongoing court proceedings – was excluded from this requirement. For government activities not subject to disclosure under the Press Act, there is no legal entitlement to government-held information, although authorities generally provide access in specific instances.

Local Resources: Complaints or reports can be forwarded to the following in Malta:

Malta Police Commissioner
Email: cmru.police@gov.mt
Phone: +356 2122 4001
Address: San Kalcidonju Square, Floriana, Malta

The Office of the Ombudsman
Email: office@ombudsman.org.mt
Phone: +356 2248 3200
Address: 11, St Paul Street, Valletta VLT 1210, Malta

Internal Audit and Investigations Department

Email: info.iaid@gov.mt

Phone: +356 2123 7737

Address: Valletta Buildings, Lower Ground Floor, South Street, Valletta, VLT 1103, Malta

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the USFCS can provide services that may assist U.S. companies in conducting due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The USFCS can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs. The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at http://tcc.export.gov/Report_a_BARRIER/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of DOJ's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section website: <http://www.justice.gov/criminal/fraud/fcpa>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Additional Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy research/surveys indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009).
- TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See [http://info.worldbank.org/governance/wgi/sc country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp). The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

14. Bilateral Investment Agreements

In 2010, the U.S. signed a double taxation agreement with Malta. Malta also enjoys double taxation agreements with: Albania, Australia, Austria, Bahrain, Barbados, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Guernsey, Hong Kong, Hungary, Iceland, India, Ireland, Isle of Man, Israel, Italy, Jersey, Jordan, Korea (Rep. Of), Kuwait, Latvia, Lebanon, Libya, Liechtenstein, Lithuania, Luxembourg, Malaysia, Mexico, Montenegro, Morocco, Netherlands, Norway, Pakistan, Poland, Portugal, Romania, Russia, San Marino, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Syria, Tunisia, Turkey, Qatar, Ukraine, United Arab Emirates, the United Kingdom, and Uruguay.

The U.S. has maintained a Commerce and Navigation Treaty with Malta since 1815, initially in its capacity as a British colony, and, upon independence in 1964, on its own behalf. The primary aim of this agreement is to ensure non-discriminatory treatment for bilateral trade and investments. Malta has similar investor protection accords with Austria, Belgium/Luxembourg Economic Union, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Egypt, France, Germany,

Italy, Kuwait, Libya, Netherlands, Slovak Republic, Slovenia, Sweden, Tunisia, Turkey, and UK.

15. OPIC and Other Investment Insurance Programs

Malta qualifies for OPIC investment guarantee programs. Malta's leading trading partners (U.K., Germany, France and Italy) offer risk insurance programs similar to OPIC's which likewise cover investments in Malta. Malta is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

16. Labor

Malta's labor force currently stands at circa 190,372 (63% male). The country's population is about 421,364 (2013), the smallest in the EU. For 2013, the national minimum monthly wage was 961 USD (697 Euros). The estimated average gross annual salary of employees stood at 21,272 USD (16,022 Euros); this amount refers to the basic salary and excludes extra payments such as overtime, bonuses and allowances. In 2013, on a sectoral basis, the highest recorded average gross annual salary for employees was in financial and insurance activities. Social insurance contributions add 10% to the wage bill. Free or subsidized meals, commuting allowances, and health insurance are the most common fringe benefits. In addition, employees are entitled to 24 days annual leave and public holidays that fall on a week day. National Law establishes a minimum number of sick leave days.

Foreign companies that have invested in Malta have a high regard for the ability, productivity and learning potential of Maltese workers, nearly all of whom speak English. In some industries, labor productivity is comparable to Western Europe. Maltese managers now run most of the foreign firms in Malta. Malta enjoys one of the lowest strike rates in Western Europe, and labor unrest is unlikely in the foreseeable future. The Government strictly adheres to the ILO convention protecting workers' rights.

17. Foreign Trade Zones/Free Ports

Malta's Freeport container port offers modern trans-shipment facilities, storage, assembling and processing operations as well as an oil terminal and bunkering facilities. A private company, Malta Freeport Terminals Ltd. operates the Freeport under a long term concession. The operator ascertains that goods which have been processed in the Freeport are not labelled as having Malta as their country of origin, unless their identity has been substantially transformed. Companies operating within the Freeport must be licensed and benefit from reduced tax rates as well as investment tax credits.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

TABLE 2: Key Macroeconomic data, U.S. FDI in Malta

	Year	Amount (Millions U.S. Dollars)*	Year	Amount (Millions U.S. Dollars)

Economic Data				
Malta Gross Domestic Product (GDP)	2013	9,541.2	2012	8,969.6
Foreign Direct Investment				
U.S. FDI in Malta (<i>stock positions</i>)	June 2013	12.3	2012	16.9
Malta's FDI in the United States (<i>stock positions</i>)	June 2013	8.1	2012	7.4
Total inbound stock of FDI as % GDP	2013	-22%**	2012	0.04%

Source: National Statistics Office Malta

*Rate of Exchange \$1= €0.7532

**In 2013, direct investment in Malta decreased by an exceptional transaction, wholly driven by a significant drop in equity of a financial intermediary resident in Malta.

TABLE 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
<i>Inward Direct Investment</i>			<i>Outward Direct Investment</i>		
Total Inward:	16,273	100%	Total Outward:	1,399	100%
Germany	6,667	41%	Netherlands	221	16%
Austria	1,713	11%	United Kingdom	179	13%
Turkey	802	5%	Italy	64	5%
Netherlands	764	5%	Cyprus	31	2%
Italy	524	3%	Turkey	10	1%

Source: International Monetary Fund

TABLE 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
<i>Total</i>			<i>Equity Securities</i>			<i>Total Debt Securities</i>		
World	27,306	100%	World	1,552	100%	World	25,754	100%
Turkey	14,155	52%	United Kingdom	494	32%	Turkey	14,155	55%

United Kingdom	2,689	10%	Luxembourg	373	24%	United Kingdom	2,194	9%
France	1,544	6%	Ireland	288	19%	France	1,514	6%
Netherlands	1,098	4%	Switzerland	87	6%	Netherlands	1,086	4%
Ireland	1,052	4%	United States	51	3%	United States	844	3%

Source: International Monetary Fund

19. Contact Point at Post for Public Inquiries

Maria Cassar
Economic – Commercial Specialist
U.S. Embassy, Malta
Tel: 00356 2561 4120
Email: maltabusiness@state.gov